

US EPA ARCHIVE DOCUMENT

The information presented here reflects EPA's modeling of the Clear Skies Act of 2002. The Agency is in the process of updating this information to reflect modifications included in the Clear Skies Act of 2003. The revised information will be posted on the Agency's Clear Skies Web site (www.epa.gov/clearskies) as soon as possible.

CLEAR SKIES IN MINNESOTA¹

Human Health and Environmental Benefits of Clear Skies: Clear Skies would protect human health, improve air quality, and reduce deposition of sulfur dioxide (SO₂), nitrogen oxides (NO_x), and mercury.²

- Beginning in 2020, approximately \$1 billion of the annual benefits of Clear Skies would occur in Minnesota. Every year, these would include:
 - approximately 100 fewer premature deaths;
 - approximately 100 fewer cases of chronic bronchitis;
 - over 5,000 fewer days with asthma attacks
 - over 100 fewer hospitalizations and emergency room visits;
 - approximately 21,000 fewer days of work lost due to respiratory symptoms; and
 - approximately 170,000 fewer total days with respiratory-related symptoms.
- There are no counties in Minnesota currently projected to be out of attainment with the annual fine particle or 8-hour ozone standards. Clear Skies would, however, achieve additional reductions in fine particles and ozone that would further protect human health.
- Clear Skies would deliver numerous environmental benefits by 2020:
 - visibility would improve 1-2 deciviews throughout the southern half of Minnesota (a change of 1 deciview is a perceptible change in visibility);
 - sulfur deposition would decrease by up to 15% throughout most of the state and by up to 30% in extreme southern portions of the state; and
 - nitrogen deposition would be reduced by 15-30% throughout most of the state.

Clear Skies Benefits Nationwide

- In 2020, annual health benefits from reductions in ozone and fine particles would total \$93 billion, including 12,000 fewer premature deaths, far outweighing the \$6.49 billion cost of the Clear Skies program.
- Using an alternative methodology results in over 7,000 premature deaths prevented and \$11 billion in benefits by 2020—still exceeding the cost of the program.³
- Clear Skies would provide an additional \$3 billion in benefits due to improved visibility in National Parks and wilderness areas in 2020.

¹ The projected impacts are the results of extensive emissions and regional air quality modeling and benefits analyses as summarized in the *Technical Addendum: Methodologies for Benefit Analysis of the Clear Skies Initiative, 2002*. While the policy analyses tools EPA used are among the best available, all such national scale policy assessments are subject to a number of uncertainties, particularly when projecting air quality or environmental impacts in particular locations.

² All human health and environmental benefits are calculated in comparison to existing Clean Air Act programs.

³ The two sets of estimates reflect alternative assumptions and analytical approaches regarding quantifying and evaluating the effects of airborne particles on public health. All estimates assume that particles are causally associated with health effects, and that all components have the same toxicity. Linear concentration-response relationships between PM and all health effects are assumed, indicating that reductions in PM have the same impact on health outcomes regardless of the absolute level of PM in a given location. The base estimate relies on estimates of the potential cumulative effect of long-term exposure to particles, while the alternative estimate presumes that PM effects are limited to those that accumulate over much shorter time periods. All such estimates are subject to a number of assumptions and uncertainties. It is of note that, based on recent preliminary findings from the Health Effects Institute, the magnitude of mortality from short-term exposure (alternative estimates) and hospital/ER admissions estimates (both estimates) may be overstated. The alternatives also use different approaches to value health effects damages. The key assumptions, uncertainties, and valuation methodologies underlying the approaches used to produce these results are detailed in the *Technical Addendum* noted above.

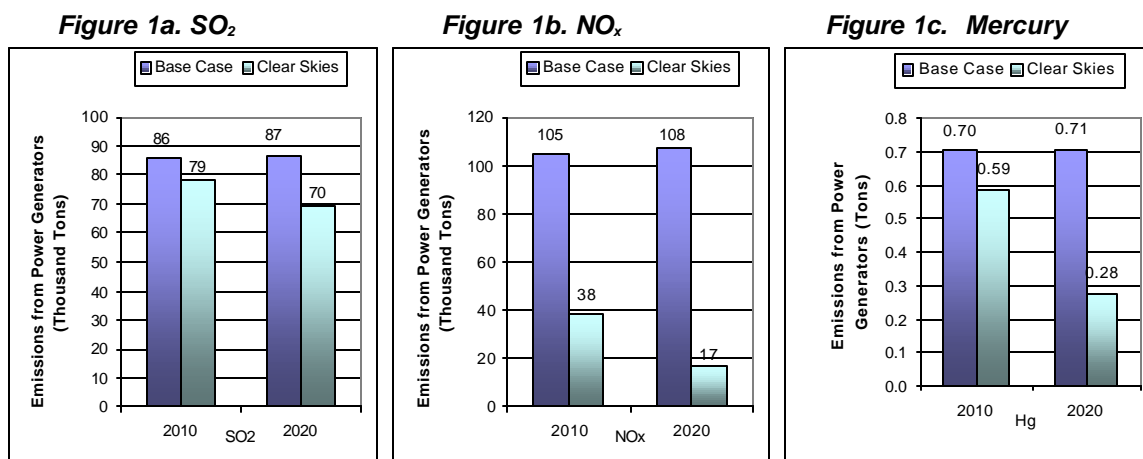
Changes in Emissions Under Clear Skies: Clear Skies is projected to result in significant emissions reductions from power generators by 2020.

- In Minnesota, Clear Skies is projected to significantly reduce emissions from power generators by 2020 (relative to 2000 emissions):
 - SO₂ emissions would be reduced by 25%;
 - NO_x emissions would be reduced by 80%; and
 - mercury emissions would be reduced by 56%.

Nationwide Emissions under Clear Skies in 2020

- SO₂ emissions from power generators are projected to be 3.9 million tons (a 65% reduction from 2000 levels).
- NO_x emissions are projected to be 1.7 million tons (a 67% reduction from 2000 levels).
- Mercury emissions are projected to be 18 tons (a 63% reduction from 2000 levels).
- At full implementation, the emission reductions would be 73% for SO₂, 67% for NO_x, and 69% for mercury.

Figures 1a, 1b and 1c. Existing Clean Air Act Regulations (base case) vs. Clear Skies in Minnesota in 2010 and 2020



- Emissions rates in Minnesota in 2010 and 2020:

Table 1. Projected Emissions Rates in 2010 and 2020 in Minnesota

Year		SO ₂	NO _x		Hg	
		Coal	All	Coal	Gas	Coal
		lbs/MMBtu	lbs/MMBtu	lbs/MMBtu	lbs/MMBtu	lbs/TBtu
2010	Base Case	0.42	0.49	0.51	0.10	3.44
	Clear Skies	0.41	0.19	0.20	0.05	3.05
2020	Base Case	0.42	0.47	0.51	0.10	3.39
	Clear Skies	0.37	0.08	0.09	0.03	1.48

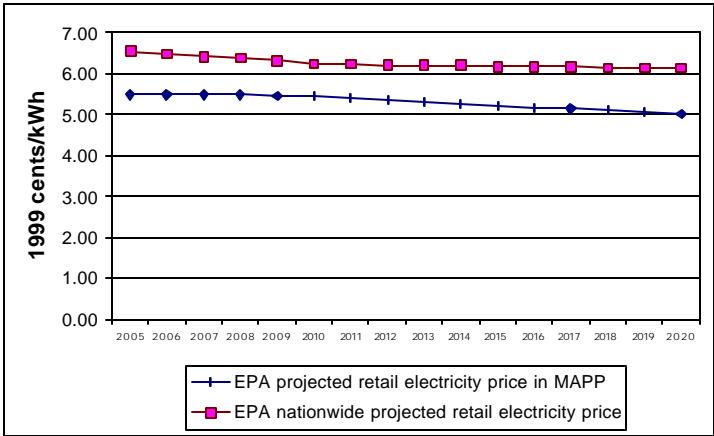
Costs: Nationwide, the projected annual costs of Clear Skies (in \$1999) are \$3.69 billion in 2010 and \$6.49 billion in 2020.⁴

⁴ EPA uses the Integrated Planning Model (IPM) to project the economic impact of Clear Skies on the power generation sector. IPM disaggregates the power generation sector into specific regions based on properties of the electric transmission system, power market fundamentals, and regional environmental regulations. These regions do not conform to State or EPA region boundaries making some compliance options, such as dispatch, and associated costs impractical to differentiate at a State or Regional level.

Changes in Projected Retail Electricity Prices Under Clear Skies: Electricity prices in Minnesota would not be significantly affected by Clear Skies.

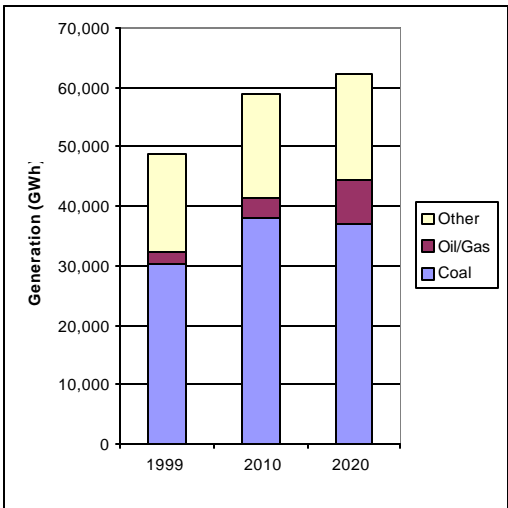
- In 1999, the average retail electricity price in Minnesota was approximately 5.83 cents/kWh, which was below the average *national* retail price of approximately 6.66 cents/kWh.⁵ As shown in Figure 3, retail prices in MAPP (the North American Electric Reliability Council (NERC) region that contains Minnesota) are projected to decrease and remain below the national average between 2005 and 2020.⁶

Figure 2. Projected Retail Electricity Prices in MAPP under Clear Skies (2005-2020)



Generation in Minnesota Under Clear Skies: Coal-fired power plants currently produce 62% of the electricity generated in Minnesota. Although coal-fired generation will continue to increase under Clear Skies, the portion of total generation from coal-fired plants will remain relatively unchanged. In Minnesota, coal-fired generation under Clear Skies would increase to approximately 64% by 2010, and decrease to 59% by 2020.

Figure 3. Current and Projected Generation by Fuel Type in Minnesota under Clear Skies (GWh)⁷



- EPA does not project that any facilities in Minnesota would switch from coal to natural gas in response to the Clear Skies emissions caps. Instead, sources in Minnesota would reduce their emissions through the installation of control technologies.

⁵ Source: 1999 EIA data at http://www.eia.doe.gov/cneaf/electricity/page/fact_sheets/retailprice.html.
⁶ State-level retail electricity prices vary considerably across the United States. Variation in prices can be caused by many factors including access to low cost fuels for generating power, State taxes, and the mix of power plants in the States.
⁷ Source: 1999 data from EIA at http://www.eia.doe.gov/cneaf/electricity/st_profiles/minnesota/mn.html (Table 5).

- By 2010, coal-fired capacity in Minnesota is projected to be approximately 5,300 MW under Clear Skies. Approximately 2,200 MW of Minnesota's coal capacity are projected to install Selective Catalytic Reduction (SCR).
- Between 2010 and 2020, an additional 2,200 MW are projected to install SCR and 900 MW are projected to install Activated Carbon Injection.
- 78% of Minnesota's coal-fired generation is projected to come from coal units with emission control equipment in 2010, and 88% in 2020.⁸

Coal Production in Minnesota: Minnesota did not produce coal in 2000 and is not projected to produce coal under Clear Skies.

Major Generation Companies in Minnesota: The ten largest plants in the State -- each over 250 MW -- are a combination of nuclear, petroleum, gas and coal-fired plants. The major generation companies include: Northern States Power Company, Minnesota Power, Inc., Otter Tail Power Company, Connexus Energy, and Dakota Electric Association.

⁸ Emissions control equipment includes, where applicable, scrubbers, selective catalytic reduction, selective non-catalytic reduction, gas-reburn and activated carbon injection.